

Aerospace Industry Sales & Use Tax Exemption for Computer Hardware, Software and Peripherals

AEROSPACE INDUSTRY MANUFACTURER TAX INCENTIVES

Chapter 1, Laws of 2003 Second Special Session, provides a package of tax incentive programs for manufacturers and processors for hire of commercial airplanes and component parts of commercial airplanes. The Department of Revenue issued a Special Notice dated January 15, 2004, providing general information about the programs that make up the tax incentive package. This publication provides detailed information about one of these programs.

Effective December 1, 2003, a retail sales and use tax exemption is available for computer hardware, software, and computer peripherals when purchased by manufacturers and processors for hire of commercial airplanes or component parts of commercial airplanes. The exemption also applies to charges for labor and services related to the installation of qualifying computer hardware, software, and computer peripherals.

- ◆ The exemption applies to computer equipment not otherwise eligible for the manufacturing machinery and equipment (M&E) exemption.
- ◆ Qualifying equipment must be used **primarily** in the design, development, and engineering of commercial airplanes or component parts of commercial airplanes.
- ◆ The purchaser must provide the vendor with a completed *Buyers' Retail Sales Tax Exemption Certificate*, checking the appropriate box in Section 5 of this certificate. This form can be

found at the Department of Revenue's web site at http://dor.wa.gov/content/forms/forms_main.asp.

- ◆ Purchasers who paid sales tax on qualifying exempt purchases on or after December 1, 2003, should submit an exemption certificate and refund request directly to the vendor.

DEFINITIONS

"Commercial Airplane" means an airplane certified by the Federal Aviation (FAA) for transporting persons or property or any military derivative of such an airplane.

"Component" means a part or system certified by the FAA for installation or assembly into a commercial airplane.

"Primarily" means greater than 50% of the equipment's capacity or total time the equipment is used.

"Computer Peripherals" include keyboards, monitors, mouse devices, and other devices that operate outside the computer *excluding* cables, conduit, wiring, and similar property.

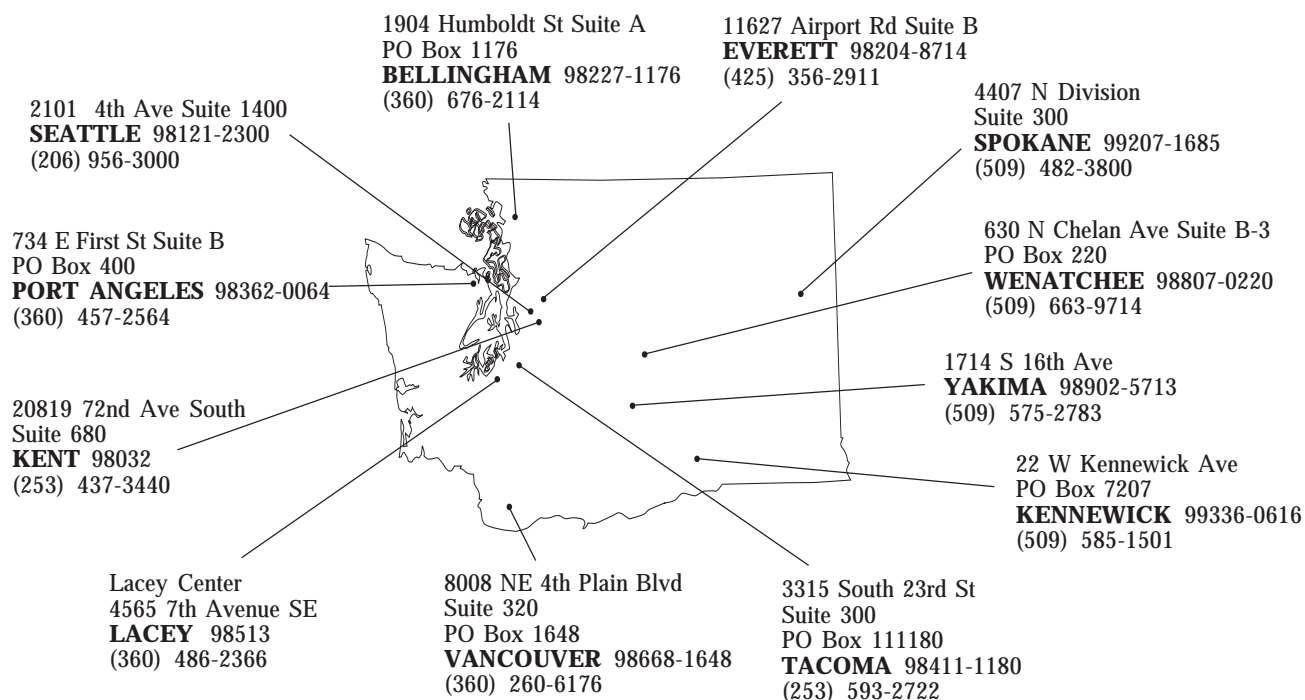
Persons with questions about this program can contact Geir Jonsson at (360) 570-6135.

Washington State Department of Revenue



<http://dor.wa.gov>

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